



# Excise Tax Advisory

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Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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## SALES AND RENTALS OF FRUIT BINS

Issued: December 31, 1992

This ETB explains when retail sales tax applies to sales and rentals of fruit bins. This ETB is a clarification and does not represent a change in the Department's position.

Fruit packers often itemize their charges to growers for various services related to the packing and storage of fruit for growers. One of these itemized charges is a charge for the bins which the packer uses in the receiving, sorting, inspection, and storage of the fruit. The grower will also use these bins for a very brief period in the field harvesting. Some growers own their own bins, in which case the packer will not make a charge for the use of the bins. In this way the packer charges less to a grower who provides its own bins than is charged to a grower who has no bins of its own. Is the charge to the grower for use of the bins a retail sale upon which retail sales tax should be collected?

The Department has concluded that these bin usage charges, often shown as "bin rentals", are not "rentals" to the grower where the charge is made by the packer and the bins are under the control of the packer for use in the receiving and storage of fruit. The use of these bins by the grower for very brief periods of time in the field is incidental to the use by the packer. This is simply additional income related to the receipt or storage of fruit. Because growers are limited in how these bins may be used, it is not appropriate for the Department to carve out some portion of the charge on which retail sales tax would be applied. Packers place the storage bins in the grower's fields well in advance of actual usage. These bins are used for relatively short periods of time in the field and then are used by the packer in the storage and packing of the fruit.

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***ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.***

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The purchases of fruit bins by growers or packers for harvesting or storage of fruit are subject to retail sales tax. "True rentals" of fruit bins are also subject to retail sales tax when rented by a grower or packer. Such rentals occur when the supplier merely provides fruit bins for a charge and does not provide any other services directly related to the fruit bins